

FINANCIAL MANAGEMENT PERFORMANCE PLAN FISCAL YEAR (FY) 2005

OVERVIEW

Since the passage of the Chief Financial Officers (CFO) Act in 1990, the Department of the Treasury continues to make significant progress in improving its financial management. Treasury has incorporated its long-term financial management initiatives, which reflect the goals of the President's Management Agenda, into its Strategic Plan. The related performance results were reported in the Department's comprehensive FY 2003 Performance and Accountability Report. The following discussion constitutes the Office of Management and Budget (OMB) Circular A-11, Section 52, requirement for Information on Financial Management.

Treasury's financial management vision statement and performance strategies and goals are outlined below.

VISION STATEMENT

Building a strong institution that ensures sound financial management and stewardship of all Treasury accounts.

GOALS AND STRATEGIES

Improve Financial Accountability -- Develop the systems capability and accounting methodology to: (1) provide accurate, timely, and unqualified audit opinions on Departmental financial statements, and (2) achieve alignment of strategic plans, budgets, resources, and accounting data for all Treasury programs and activities. This will help Treasury to facilitate internal analysis, resolve known material weaknesses, prevent new material weaknesses, and enhance external financial statement reporting.

- Deliver the FY 2004 Performance and Accountability Report to the Congress and OMB by November 15, 2004 and maintain an unqualified audit opinion.
- Reduce the number of open material weaknesses and prevent new findings by performing various internal control activities.
- Integrate budget and performance data by implementing managerial cost accounting practices and aligning strategic plans, budgets, and accounting data.

Achievement of these performance targets will ensure the Department's full compliance with the accounting and auditing requirements of the CFO Act, the Government Management and Reform Act (GMRA) of 1994, and the Federal Managers' Financial Integrity Act (FMFIA). They will also support the Department's efforts to fulfill the goals of the President's Management Agenda. Treasury's credibility as the central financial agency for the Federal Government will also be enhanced upon the achievement of these targets.

Improve Financial Performance -- Achieve Federal Financial Management Improvement Act (FFMIA) compliant financial management systems with standardized core data elements and develop uniform financial management systems policies to enable all key Bureau financial data to be aggregated for improved analysis, reporting, and decision making.

- Complete the implementation of Treasury's Financial Analysis and Reporting System (FARS), which will provide bureau and Department managers with the information necessary to better manage Treasury's resources. Full implementation of FARS will include the addition of key performance data for access by Treasury bureaus and Departmental Offices.
- Work with Treasury bureaus in the selection and implementation of financial management systems (e.g., core financial, enterprise resource planning, administrative, etc.) that meet bureau business requirements and are consistent with government-wide and Departmental policies (e.g. systems security and FFMIA).
- Improve the quality of financial data submissions and maintain the timeliness of closing within three business days.

Completion of the above performance targets will position Treasury financial managers to develop a sound, efficient strategy and methodology for guiding the transition from stove piped to fully integrated financial systems. Not only will the accuracy, timeliness, and usefulness of financial data be improved by these efforts, the initiatives may also lead to more cost-effective cross-servicing systems arrangements among Treasury bureaus and/or across other federal agencies. These targets also support the President's Management Agenda.

PERFORMANCE PLAN SUMMARY

Performance against the two aforementioned strategies will be measured throughout FY 2004. The Treasury CFO Council will also use the information to refine the action plans for each of the identified performance goals.

SIGNIFICANT ACCOMPLISHMENTS

Several accomplishments took place in FY 2003 and the first three months of FY 2004. Some of the more significant ones include the following:

- Treasury received clean audit opinions on its FY 2002 and FY 2003 financial statements. The Department issued its FY 2002 Performance and Accountability Report (PAR) to OMB and Congress on November 15, 2002 and its FY 2003 PAR on November 14, 2003, representing an acceleration of three and a half months from FY 2001.
- The Department continued to close the monthly financial books by the third business day following the end of the month.
- The Department and bureaus continue to improve data quality in FARS by analyzing the monthly and quarterly financial statements. This analysis provided valuable benefits in ensuring the accuracy of financial information reported in FARS, and also enabled the Department to issue our audited financial statements by November 15, 2003.
- The Department successfully captured and reported information on the government-wide financial performance measures to OMB beginning with the data from the end of the second quarter in FY 2003. The Department is tracking most of the financial performance measures monthly and by bureau, even though the Department is only required to report the measures at the Treasury-level on a quarterly basis.
- Treasury developed a comprehensive website on its intranet to facilitate communication and exchange of information with the bureaus.
- The Department successfully transmitted both financial data and budgetary data to the FACTS I and FACTS II systems in FY 2003 using FARS. Treasury continues to be one of the earliest of the decentralized agencies to transmit its FACTS data, and does so using a Department-wide financial reporting system.
- The Department continued its progress in reducing material weaknesses. During FY 2003, Treasury's outstanding material weaknesses were reduced from 20 to 9. That is, with the divestiture of four law enforcement bureaus, Treasury's outstanding material weaknesses were reduced from 20 to 14. In addition, Treasury bureaus closed five material weaknesses, for a reduction from 14 to 9.
- Treasury's financial data warehouse, the Treasury Information Executive Repository (TIER), was replicated to provide support to the Department of Homeland Security. TIER will be used to develop the Department of Homeland Security's FY 2003 year-end statements and discussions are underway to continue support for FY 2004 and beyond.
- Treasury maintained and enhanced the new FAIR Act system to (a) capture key data in compliance with the FAIR Act, and (b) report that data in an automated format to the OMB.

- The Department developed and implemented its new Joint Audit Management Enterprise System (JAMES) to replace the old Inventory Tracking and Closure System. JAMES maintains the Department's inventory of audit findings and the status of planned corrective actions.
- Treasury bureaus made progress in their efforts to consolidate their financial management systems. The Office of Thrift Supervision moved from operating its own financial system to being cross-serviced through the Bureau of Public Debt's (BPD) Administrative Resource Center. Further consolidations of bureau financial systems are anticipated in FY 2004 as BPD begins to cross-service the Office of Inspector General and the Treasury Inspector General for Tax Administration.
- Treasury developed a program to minimize improper payments as required by the Improper Payments Improvement Act. This includes working with the IRS to develop a comprehensive plan to address Earned Income Tax Credit erroneous payments.
- Provided government-wide leadership in Competitive Sourcing. Treasury chaired a federal Competitive Sourcing Working Group to exchange best practices and identify impediments. The Working Group sponsored two extremely successful federal conferences on Competitive Sourcing that were attended by over 1,200 people.
- Provided federal leadership in implementing electronic commerce through chairmanship of the Federal Business Opportunities (FedBizOpps) Users Group and coordination of Central Contractor Registration (CCR) across Treasury and other agencies.
- Treasury received a prestigious award from the Small Business Administration, the Frances Perkins Vanguard Award, for exemplary utilization of women-owned small businesses. Treasury received this award for the second year.
- Treasury played a pivotal role in the establishment of the new Department of Homeland Security in FY 2003. Treasury transferred over \$10 billion in assets, \$6.2 billion in budget authority, and over 34,000 employees to the Departments of Homeland Security and Justice.

IMPEDIMENTS TO IMPROVING FINANCIAL PERFORMANCE

Reduce Erroneous Payments – The Department is managing this effort on two primary fronts. The first pertains to the IRS's Earned Income Tax Credit (EITC) program and its long-standing, high rate of erroneous payments and overclaims. Several changes were made in the laws governing EITC for the 2002 tax-year, which should reduce erroneous payments. Additional improvements will be initiated in 2004 as part of an enhanced five-point plan.

The Department's second approach to managing erroneous payments is to ensure that all Treasury bureau programs are reviewed systematically to identify possible sources of erroneous payments and take corrective actions as necessary. Through these and related actions, Treasury plans to achieve full compliance with the Improper Payments Information Act prior to the end of 2004.

Eliminate Material Weaknesses and Non-Conformances – By the end of FY 2002, the Department had reduced its 1998 baseline of 60 material weaknesses to 20 weaknesses. During FY 2003, Treasury's outstanding material weaknesses were reduced from 20 to 9. That is, with the divestiture of four law enforcement bureaus, Treasury's outstanding material weaknesses were reduced from 20 to 14. In addition, Treasury bureaus closed five material weaknesses, for a reduction from 14 to 9. Our remaining weaknesses are, for the most part, long-standing, complex problems that require significant time and effort to correct.

Clean Audit Opinion – The Department received clean audit opinions on its FY 2002 and FY 2003 financial statements. The financial statements were issued as part of Treasury's FY 2002 and FY 2003 Performance and Accountability Reports (PAR). Despite this success, the remaining material weaknesses still represent impediments to achieving another unqualified opinion for FY 2004. Plans are in place to address these weaknesses. We continue to work closely with our audit partners, the Treasury Inspector General and the General Accounting Office, to ensure that our plans effectively compensate for our material weaknesses.

Financial Performance Measurements – Since May 2003, the Department has provided monthly and quarterly information on the eight financial management performance indicators to OMB. For FY 2004, Treasury will continue to work with the OMB and the CFO Council workgroup to refine these financial management performance indicators to enhance their usefulness and to develop additional meaningful financial indicators.

Accelerated Financial Reporting – The Three-Day Close Project, begun in April 2001, and other efforts taken to improve the reporting process resulted in Treasury (1) successfully completing the Department's FY 2002 and FY 2003 audits with unqualified opinions, and (2) issuing the FY 2002 PAR by November 15, 2002, and the FY 2003 PAR by November 14, 2003. Treasury was the only cabinet-level agency that issued the FY 2002 PAR by November 15, 2002.

Integration of Budget, Performance, and Accounting Data – One of the Department's major challenges to improving financial performance is to achieve a higher level of integration of this budget, performance, and accounting data so as to provide timely, quality data for day-to-day management. Meeting this challenge also requires the development of managerial cost accounting capabilities. During FY 2004, the Department will work closely with its bureaus in addressing this challenge by defining Treasury guidelines for capturing and measuring the full cost of programs. The Department will also be working with the bureaus to better support Treasury's programs and operations with financial and performance information.

***PLAN FOR FINANCIAL MANAGEMENT SYSTEMS STRUCTURE
BUDGET YEAR 2005 BUDGET SUBMISSION***

OVERVIEW

The Department of the Treasury's financial management systems structure requires bureaus to maintain and/or utilize financial management systems to meet their business requirements and submit required financial and performance data to the Financial Analysis and Reporting System (FARS) in order to meet Departmental analysis and reporting requirements. This financial management systems structure is embodied in the Department's FARS. The FARS structure provides Treasury bureaus with the flexibility necessary to meet their unique business needs as well as the data standardization and integration tools needed to meet the Department's reporting and financial management analysis needs. The Department uses the FARS to produce its Performance and Accountability Report and ensure that it receives an unqualified audit opinion.

The Department's target FARS structure consists of bureau financial management systems, the Treasury Information Executive Repository (TIER) data warehouse, and the CFO Vision[™] on-line analytical processing (OLAP) tool. Bureaus submit summary-level financial data to TIER on a monthly basis, within three business days of the month-end. TIER provides users with a universal and comprehensive view of data that are standardized and consolidated. The TIER data is then loaded into CFO Vision[™], a commercial off-the-shelf (COTS) analytical tool, to perform analysis and generate financial statements and reports on both a Department-wide and bureau-level basis. This structure enables the Department to produce its quarterly and annual financial statements. The target systems structure includes the Performance Reporting System, which will enable the Department to more effectively integrate program performance and financial management.

Treasury will continue to utilize the FARS structure to meet the needs of the Department and its bureaus.

BASELINE

An Overview of Treasury's Current Departmental Financial Management Systems Structure

The following describes the FARS components referred to above (bureaus, TIER, CFO Vision[™]) as well as other FARS applications.

Bureaus

The Department's Inventory of Financial Management Systems reflects Treasury's current baseline of financial management and mixed systems. As of September 2003, the Department's Inventory of Financial Management Systems lists a total of 101 financial and mixed systems.

All Treasury bureaus currently use COTS software packages for their core financial systems. This includes American Management Systems' (AMS) Federal Financial System, AMS's Momentum, Oracle Federal Financial System, PeopleSoft Financial, and SAP R/3. These systems are Joint Financial Management Improvement Program (JFMIP)-compliant and are being implemented with minimal modifications.

A number of Treasury's bureaus and reporting entities are cross-serviced by other Treasury bureaus. This enables smaller bureaus to have access to core financial systems without having to maintain the necessary technical and systems architectures. For example, the Departmental Offices (DO), the Financial Management Service (FMS), the Office of Inspector General (OIG), the Office of Thrift Supervision (OTS), and the Treasury Inspector General for Tax Administration (TIGTA) are cross-serviced by the Bureau of the Public Debt (BPD). The U.S. Customs Service, now with the Department of Homeland Security, provides cross-service support to the Financial Crimes Enforcement Network (FinCEN). In addition, some Treasury reporting entities are cross serviced for other financial management services, such as electronic travel processing.

The Department

Treasury's Office of the Deputy Chief Financial Officer (DCFO) maintains financial management systems that consolidate data from all bureaus. These systems provide the capability to review data at both the Departmental and bureau levels. The DCFO systems are TIER, CFO Vision™, and the Joint Audit Management Enterprise System (JAMES). The Department also uses the Performance Reporting System (PRS) to track and report on bureau performance measurement indicators and the FAIR Act System to collect data for A-76 processing and reporting the inventory of commercial and governmental positions. These systems form the basis of FARS. FARS enhances the Department's capability to analyze its financial data, produce its consolidated financial statements, and support key financial management requirements.

In FY 2003, FARS was an essential tool in the transfer of three Treasury bureaus to the newly-created Department of Homeland Security (DHS). DHS loaded its key financial data into Treasury's FARS, enabling DHS to generate its fiscal year 2003 consolidated financial statements. These statements will be subject to audit by DHS's auditors. Treasury and DHS will establish a reimbursable agreement to continue this arrangement in FY 2004.

Below is a description of the FARS applications:

Treasury Information Executive Repository (TIER)

The Department maintains TIER to meet Departmental consolidation, analysis, and reporting needs. TIER is a Departmental data warehouse, which receives summary level financial data from bureaus and other reporting entities. On a monthly basis, Treasury bureaus and reporting entities extract summary financial data from their respective core financial management systems and transmit those data to TIER. TIER performs automated data validation and edit checks on the bureau data, ensuring that TIER data meet Departmental and government-wide data standards. Both Departmental and bureau users are able to generate financial management reports using TIER.

TIER is one of the primary elements of Treasury's Department-wide financial systems integration and standardization strategy. TIER, developed in 1994, consolidates summary financial data from all Treasury bureaus. TIER was a significant factor in the Office of Inspector General's (OIG) 1995

decision to recommend that the Department be removed from the Office of Management and Budget's (OMB) High Risk List for "lack of effective management oversight of systems development activities." TIER contains the structured data necessary to prepare annual audited consolidated financial statements required by the Government Management Reform Act (GMRA) of 1994 (Public Law 103-356).

The Department has made significant progress during the past several years in working with bureaus to improve the quality and the comprehensiveness of the data submitted to TIER. Treasury developed a plan for collecting the data elements needed for its consolidated financial statements. New data element requirements were implemented to collect additional financial data and bureaus have completed modifying their core financial systems to provide these additional data elements to TIER. Additional data validation edits were added to TIER to ensure that the data meets Departmental and government-wide standards. In FY 2000, the Department was able to submit FACTS II budgetary data to FMS through a host to host transfer to the Financial Management Service. Beginning in FY 2002, all available FACTS II data has been successfully transferred to FMS via TIER.

Departmental staff review and analyze the quality of data submitted by the bureaus and report the results of these analyses to the bureaus at both the executive level, through the Treasury Chief Financial Officers Council (TCFOC), and the staff level. Analysts in the Office of the DCFO work continually with bureau staff to clarify new and existing TIER data standards. Some of this analysis has prompted the Department to implement additional data validation edits in TIER, which will help to further improve the quality of the data transmitted to TIER. Using the TIER data, the Department produces its financial statements, on a monthly, quarterly, and annual basis using the TIER data and CFO Vision[™]. As a result of this effort, Treasury issued timely its FY 2003 consolidated financial statements on November 14, 2003.

CFO Vision[™]

The CFO Vision[™] component of FARS is used to analyze and report on Treasury's proprietary and budgetary financial data. The monthly financial data transmitted to TIER is consolidated and validated through extensive TIER edits. The data is extracted to CFO Vision[™] to be processed for analyses and *ad hoc* management reports, as well as to produce the Department's consolidated financial statements.

The Department is working with the CFO Vision[™] vendor to fully web-enable the system, making it available to Treasury bureaus via TreasNet. The upgraded system will provide users with greater functionality and improved reporting and analysis capabilities.

The Joint Audit Management Enterprise System (JAMES)

JAMES is an essential tool in the Department's compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Public Law 97-255) and the Inspector General Act Amendments of 1988 (Public Law 100-504). The JAMES provides support in the Department's efforts to enforce and improve management controls and address audit findings, many of which have potential monetary benefits.

JAMES is a Department-wide, interactive, real-time system that includes key information on audit reports issued by Treasury's Office of the Inspector General (OIG), the Treasury Inspector General for Tax Administration (TIGTA), and the General Accounting Office (GAO). It is a web-based system and

is available to authorized users via the TreasNet. The system was released into production in January 2003. System users can track information on audit reports from the date of issuance through the completion of all action items. In addition, bureaus enter Federal Financial Management Improvement Act (FFMIA) remediation plan remedies and interim due dates into JAMES.

Data on audit findings, recommendations, and bureau planned corrective actions for implementing the recommendations are input into JAMES. Bureau users can also update the current status of those corrective actions on a continuing basis.

Performance Reporting System (PRS)

Treasury revised its performance reporting requirement from annual to quarterly to facilitate review and assessment of bureaus' key performance data. In addition, many bureaus and organizations identified ways to refine their internal processes to collect, analyze, and report their performance information and developed new and/or enhanced their existing performance goals and measures to better assess long- and short-term results. These efforts will ultimately provide Treasury senior management with prompt financial and performance information necessary to make decisions.

FAIR ACT Automated Data Collection System

The Office of the Procurement (OP) successfully submitted Treasury's consolidated annual inventory report to the Office of Management and Budget using the FAIR Act System. Using the system has resulted in a more effective and efficient process for collecting the data and submitting it to OMB.

Implementation of Department-wide Systems

Treasury, working in partnership with its bureaus to migrate toward single, common systems, has designed, developed, and implemented a new automated human resources (HR) system based on a suite of COTS products, the PeopleSoft Human Resources Management System, driven by business requirements established by the bureaus.

The new Treasury HR system, *HR Connect*, will replace the majority of the current configurations of legacy HR systems used throughout the bureaus. The Department found that, not only are these outdated legacy systems expensive to use and maintain, but generally they use inefficient processes that often require redundant data entry, do not consistently provide timely or accurate information, and are difficult to use. By implementing HR Connect, a common, single integrated system, Treasury bureaus will reduce paperwork, improve tracking and accountability, streamline processes, and have better data for management decision-making. Also, with the web self-service features, managers are able to view information on employees and positions in their organization, initiate and route personnel actions through electronic workflow, search on a library of standard position descriptions, and access various reporting and workforce analytical tools. Employees can view and update a wealth of personal information on-line, search for job openings, and manage an on-line resume. In addition, the new system will support strategic HR services, such as succession planning, career development, and staffing alternatives.

Over the past five years, seven of the nine current Treasury bureaus—as well as the OIG and the TIGTA—have deployed HR Connect to automate their processing of Personnel Action Requests (PAR): the SF 50 Notification of Personnel Action and the SF 52 Request for Personnel Action, including significant manager and employee self-service functionality. The IRS began a phased implementation of HR Connect in FY 2003. Both IRS and OTS are scheduled to complete their implementations by the end of FY 2004.

With the use of HR Connect, and by replacing multiple legacy personnel systems, Treasury will be able to achieve cost savings in systems operation and maintenance, improve the productivity of HR and other administrative staff, as well as by reducing costs for recruitment and turnover.

Federal Financial Management Improvement Act Remediation Plans

Based on the FY 2003 financial statement audits, two Treasury bureaus were found to be not in substantial compliance with the Federal Financial Management Improvement Act of 1996: the Internal Revenue Service and Financial Management Service.

In accordance with Section 803 (c)(3)(A) of the FFMIA, the non-compliant bureaus prepared Remediation Plans to bring their systems into substantial compliance. The two remaining Treasury bureaus continue to work according to their plans in order to achieve compliance with the FFMIA. Bureaus report on the status of their FFMIA compliance efforts to the Department's DCFO organization on a quarterly basis. These remediation plans are then submitted to the Office of Management and Budget (OMB) for review. As a result of the magnitude of the remedies to correct these non-conformances, the Department is working with OMB to ensure compliance with the terms of the Act. OMB has granted a waiver to the IRS to the requirement to complete its remediation plan within three years. As appropriate, a quarterly meeting is held with OMB to review the status of the IRS plan.

TARGET STRUCTURE

Treasury's target financial management systems structure will build upon the current FARS foundation. FARS is a critical element of the Department's enterprise target structure. As a result of the Department's progress in implementing the CFO Vision[™] software, Treasury's FARS structure now serves as both the baseline and the target enterprise financial management systems structure.

FARS is collecting a variety of financial management data, currently the proprietary and budgetary accounting data. FARS includes the following components:

- (1) bureau core financial systems that feed summary financial data to the Department;
- (2) the Treasury Information Executive Repository (TIER), a financial data warehouse containing summarized and consolidated financial data; and
- (3) CFO Vision[™], a COTS on-line analytical processing (OLAP) decision support tool, which is used for financial analysis and reporting.

In the FARS structure, bureaus continue to maintain their own financial management systems. Bureaus and other reporting entities submit monthly summary data to the central data warehouse, TIER, for consolidation, data validation, and other edit checks. From TIER, the data is exported to CFO Vision[™] for analysis and reporting.

In the long term, as FARS is expanded to collect additional financial data, it may be necessary to implement additional OLAP decision support tools to satisfy management's informational needs. While CFO Vision™ is used to produce the Department's consolidated financial statements and analyze budget and accounting data, additional COTS packages may be used for managerial cost accounting, integrating budget and performance measurement, and other management information requirements as identified. The FARS tools will perform analyses, generate reports based on the consolidated Departmental data in the financial data warehouse, and provide drill-down capabilities for analysis of financial data.

Beginning in FY 2002, bureaus and other reporting entities began entering data to FARS via the Treasury-wide Intranet. FARS is based on ORACLE databases; those databases migrated from the Department's VAX cluster to Windows NT servers. FARS uses graphical user interfaces as well as state-of-the-art decision support tools to administer the system and develop forms and reports.

The Department's target enterprise financial management systems structure does not call for a single Treasury-wide financial management system. Rather, the structure balances the need to accommodate the unique data requirements of the bureaus with the Department's need for standardized, consolidated Treasury-wide data.

The Federal Government's electronic-travel (eTravel) initiative took a step forward when the General Services Administration selected two travel vendors to provide end-to-end travel management solutions. In order to facilitate a smooth transition to eTravel, the Department selected a project manager for the Treasury eTravel Project Team from the Bureau of Public Debt. Currently, over 27 agencies/organizations (many in Treasury) are being cross-served for travel by BPD. Depending on what is required to be transitioned to the eTravel vendors – BPD will comply and will handle the transition for their customers.

PROJECTS REQUIRED TO MOVE FROM BASELINE TO TARGET

The following is a list of systems-related projects that are essential to implementing the FARS target financial management systems structure.

FARS Implementation Project

FARS, utilizing the summary financial data submitted by the bureaus, generates the following combined and consolidated financial statements, in accordance with OMB's Form and Content bulletin:

- Consolidated Balance Sheet
- Consolidated Statement of Custodial Activity
- Consolidated Statement of Changes in Net Position
- Combined Statement of Budgetary Resources
- Combined Statement of Financing
- Consolidated Statement of Net Cost

In addition to producing the financial statements, FARS provides Departmental and bureau financial managers with the capability to produce *ad hoc* reports for internal management reporting.

TIER

TIER plays an important role in producing the Department's consolidated financial statements by serving as a data warehouse for bureau financial data. The TIER data is extracted to CFO Vision™ for the actual production of financial statements. The Department used the TIER data to prepare its FY 2003 Treasury Accountability Report. The bureau data will be edited to ensure it meets both Department-wide and government-wide requirements.

TIER plays another important role in financial reporting by transmitting financial data to the Federal Agency Centralized Trial-Balance System (FACTS) on behalf of Treasury bureaus. This includes both the FACTS I and FACTS II submissions. As a result of this centralized submission, the bureaus' financial data will agree with the data amounts reported in both the Department's Accountability Report and Federal Government's financial statement.

CFO Vision™

CFO Vision™ is a commercial-off-the-shelf analysis and reporting tool. It is fully implemented and available on the Departmental Office's website (DoNet). Since FY 2000, Treasury has used CFO Vision™ to produce its audited financial statements and accountability report. Treasury has received an unqualified audit opinion since that time.

The Department plans to upgrade the system, making it available to all bureaus via the Treasury Intranet (TreasNet) with enhanced capabilities. It is anticipated that the upgraded system will be available during calendar year 2004. With the full implementation of this vendor release, the bureaus will be able to access CFO Vision™ data and generate financial management reports. The bureaus will also be able to generate output reports using Microsoft Excel spreadsheets.

Joint Audit Management Enterprise System (JAMES)

The Department implemented JAMES in January 2003, and it is available to Treasury bureaus via the Treasury Intranet site (TreasNet). The Department is continuing to enhance the JAMES to improve performance. This will provide improved workflow and enhanced reporting capabilities.

Performance Reporting System

Treasury issued guidance and implemented changes to enhance management's ability to use financial and performance information to make decisions. In the summer 2003, Treasury established a new requirement to collect and monitor bureaus' performance data quarterly. Treasury is continuing to pursue opportunities to integrate financial and performance data. Currently, Departmental management and Treasury bureaus are conducting an analysis of the data and systems that bureaus use to manage their programs and operations. Based on the findings of this analysis, Treasury will initiate a Department-wide effort to better support Treasury's programs and operations with financial and performance information.

GRANTS MANAGEMENT

OVERVIEW

Tasked with responsibility for managing much of the Federal Government's finances, the Department of the Treasury administers grant programs in accordance with government-wide requirements. The majority of Treasury's grant funds are administered by the Community Development Financial Institution (CDFI) Program. Smaller amounts are managed by the Internal Revenue Service (IRS).

GRANT PROGRAMS AND IMPLEMENTATION OF POLICY REQUIREMENTS

Community Development Financial Institutions Fund

Through the CDFI Program, the CDFI Fund provides support to, as well as funding for financial investments in, financial institutions around the country that are specifically dedicated to financing and supporting community development activities. This strategy builds strong financial institutions that make loans and investments and provide financial services to markets (including economically distressed investment areas and disadvantaged targeted populations) whose needs for loans, investments, and financial services have not been fully met by traditional financial institutions.

The CDFI Fund has designed and implemented a grants management system that monitors and ensures awardee compliance with applicable laws, regulations and guidance. The CDFI Fund award process requires that an awardee be compliant with these requirements through the term of the related assistance agreement. Once an award has been made, periodic awardee financial and performance reporting is used to assess the level of compliance with the related measures included as part of the awardee assistance agreement and with applicable laws and requirements.

Internal Revenue Service

The Internal Revenue Service administers two grant programs: the Tax Counseling for the Elderly (TCE) Grant Program and the Low Income Taxpayer Clinic (LITC) Grant Program. Applications for TCE and LITC grant awards are solicited each year from qualified organizations in full compliance with OMB Circular A-110, A-21, A-122, and A-133. Grant awardees are monitored during the duration of the grant to ensure compliance with Federal Government grant policy requirements.